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## SERVICES SCHEDULE 5

### WaterNSW Services relating to billing, financial account management and associated reporting

and

### Revenue Sharing Requirements

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#### 1. Background

- (a) This Services Schedule:
  - (i) is made under the Roles and Responsibilities Agreement entered into between DPIE Water, NRAR, WAMC and WaterNSW on or about 30 June 2021 (the “**Roles and Responsibilities Agreement**”); and
  - (ii) sets out the respective Roles and Responsibilities, rights, entitlements, and obligations of each party in respect of:
    - (A) WaterNSW Services relating to billing, financial account management and associated reporting (the “**Relevant WaterNSW Services**”); and
    - (B) Revenue Sharing Requirements, including in respect of the Relative Share and the sharing of information for the purposes set out in clause 8.3(c) of the Roles and Responsibilities Agreement.
- (b) Unless the context requires otherwise, capitalised terms used in this Services Schedule have the same meaning as in the Roles and Responsibilities Agreement.

#### 2. Relevant WaterNSW Services

- (a) The parties acknowledge and agree that:
  - (i) for the purposes of clause 5.5(a) of the Roles and Responsibilities Agreement, their respective Roles and Responsibilities, rights, entitlements and obligations in respect of the Relevant WaterNSW Services (that, for clarity, fall within the scope and scale of the activities covered by the WAMC Price Determination and/or are otherwise funded through the Relative Share) are set out in Schedule A of this Services Schedule; and
  - (ii) in respect of the Relevant WaterNSW Services:
    - (A) this Services Schedule will be binding on the parties on and from the date contemplated in paragraph 4(b) below, and clause 5.6 of the Roles and Responsibilities Agreement will thereafter no longer apply to the Relevant WaterNSW Services; and

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- (B) for the purposes of the relevant Service Agreement (as that term is defined in the Service Terms and Conditions):
- (1) the “Requesting Party”, and any references to the Requesting Party, will be taken to mean DPIE Water, NRAR and WAMC (together, the “Requesting Party”);
  - (2) an obligation or liability assumed by, or a right conferred on, DPIE Water, NRAR and WAMC as the Requesting Party binds or benefits them jointly and severally;
  - (3) for clarity, the aggregate of the Service Provider’s liability to DPIE Water, NRAR and WAMC jointly and severally will not exceed, and is subject to, the same limitations of liability, and qualifications on such limitations of liability, as are specified in the Service Agreement;

and, the Service Agreement will be read and construed accordingly.

### 3. Revenue Sharing Requirements


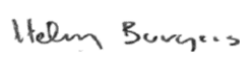

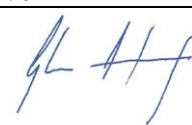
- (a) The parties acknowledge and agree that:
- (i) Revenue Sharing Requirements means the respective Roles and Responsibilities, rights, entitlements and obligations of each party as set out in Schedule B of this Services Schedule;
  - (ii) the Relative Share, and the basis for its calculation, is as set out in Tables 1 and 3 respectively of Annexure A to Schedule B of this Services Schedule;
  - (iii)
    - (A) subject to paragraph 3(a)(iii)(B) below, the Revenue Sharing Requirements will be binding on the parties on and from the date that this Services Schedule is approved by the Steering Group under clause 5.5(b) of the Roles and Responsibilities Agreement; and
    - (B) notwithstanding the date that this Services Schedule is approved by the Steering Group, the Relative Share will apply to determine the relevant rights and entitlements of the parties with effect on and from 1 July 2021;
  - (iv) for the period commencing:
    - (A) on the Commencement Date and ending on the date that the Revenue Sharing Requirements are binding on the parties under paragraph 3(a)(iii)(A) above, the revenue sharing requirements that applied immediately prior to the Commencement Date will apply, or be deemed to apply, for the purposes of determining the rights, entitlements and obligations of each party with respect to revenue sharing; and
    - (B) on 1 July 2020 and ending on 30 June 2021, the relative share and basis for its calculation that applied immediately prior to the Commencement Date will apply, or be deemed to apply, for the purposes of determining the rights, entitlements and obligations of each party with respect to the relative share of revenue from water charges and NSW Government funding for WAMC water management and Rural Valleys Bulk Water (rural bulk water) monopoly services; and

- (v) the Revenue Sharing Requirements and the Relative Share will be reviewed and, where necessary, updated:
  - (A) on an annual basis; and/or
  - (B) within the timeframes and in the circumstances contemplated under clause 4.3(a)(i) and (ii) of the Roles and Responsibilities Agreement.
- (b) For clarity, clauses 5.4, 5.5, 5.6 and 6 of the Roles and Responsibilities Agreement do not apply to the Revenue Sharing Requirements and/or the Relative Share.

**4. Approval of Services Schedule by Steering Group**

- (a) By signing below, the Steering Group Representative of each party who has Roles and Responsibilities arising from, or is affected by, this Services Schedule indicates their approval of this Services Schedule.
- (b) In accordance with clause 5.5(b) of the Roles and Responsibilities Agreement, this Services Schedule will constitute an Approved Services Schedule on and from the date that the last Steering Group Representative signs this Services Schedule.

**Signed and approved** by the Steering Group:

Steering Group Representative	Party	Date
 Mitchell Isaacs Name: _____ Position: Chief Knowledge Officer	DPIE Water	7 December 2021
 Helen Burgess Name: Helen Burgess Position: Executive Manager   Legal, Governance & Risk	WaterNSW	
 Tim Gilbert Name: Tim Gilbert Position: Director Regulatory Capability and Coordination	NRAR	8 December 2021
 Graham Attenborough Name: Graham Attenborough Position: <b>Chief Operations Officer</b>	WAMC	7 December 2021

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## Schedule A – Relevant WaterNSW Services

The following comprise the requirements for the Relevant WaterNSW Services:

### 1. Billing management requirements

Water NSW must provide the following services to DPIE Water and NRAR at no charge as part of the functions it performs on behalf of WAMC:

- a) prepare billing specifications (which are technical documents that include billing rules applied to water licenses for rating purposes) for WAMC and amend or update such specifications in agreement with DPIE Water and NRAR if there are policy or operational changes;
- b) calculate and issue water management bills to WAMC and rural bulk water customers in respect of regulated valleys, unregulated valleys and groundwater in accordance with current billing cycles (quarterly in arrears for regulated, and annually in arrears for unregulated and groundwater customers). Fee for service activities are billed as determined by the agency responsible for the fee for service activity;
- c) collect and determine water usage (for the purpose of accurate account management, billing and reporting) prior to billing (including relevant requirements under the NSW Non-Urban Water Metering policy, and clause 6.3 of the Operating Licence);
- d) Develop and provide DPIE Water and NRAR with agreed WAMC billing reports as per section 2 of this Schedule, and as requested by the WAMC governance group or DPIE Water or NRAR;
- e) monitor WAMC and rural bulk water customer entitlement and usage data and provide this data to DPIE Water and/or NRAR on request within a reasonable timeframe or if the request is captured by the data sharing agreement in accordance with the requirements of the data sharing agreement. WaterNSW may provide access to data by providing DPIE Water and/or NRAR access to the WAS;
- f) manage and maintain WAMC and rural bulk water customer accounts in respect of regulated valleys, unregulated valleys and groundwater;
- g) proactively manage debtors in accordance with WaterNSW's debtors management policies (WaterNSW to notify DPIE Water about any changes to debtors management policies);
- h) provide debt collection services in accordance with WaterNSW's debtors management policies for all debtors (including outstanding debts incurred prior to 1 July 2021);
- i) undertake all transactions with WAMC and rural bulk water customers, including the issuing of bills and the handling of customer queries and complaints in a timely and efficient manner; and
- j) advise on request the WAMC governance group, DPIE Water and NRAR of material aged debtors and recovery actions taken (such as the issuing of reminder notices, overdue notices, 'show cause' notices and debt collection).

### 2. Billing management deliverables

- a) WaterNSW must provide DPIE Water with a monthly report (within 14 days after the end of each month, except for the months of March and June where the report must be provided within 7 days after the end of the month for end of year reporting purposes), and an annual report summarising the financial year, covering:
  - i) Actual invoicing, less credit adjustment
  - ii) Billed versus collected revenue, by water source and split by agency
  - iii) Debtors report (balances 30, 60, 90 and over 90 days) split by WAMC agency (DPIE Water, NRAR and WaterNSW) as per Schedule B.
  - iv) Reconciliation of invoicing, adjustments and receipts to debtors report
  - v) User revenue split between WAMC agencies
  - vi) Cash receipts – single payment
  - vii) Groundwater assessment charge revenue collected by WaterNSW to be forwarded onto DPIE Water as per Schedule B part 3.
  - viii) Summary of final invoicing per year (by water source) and including consent transactions.
- b) As water users in Groundwater and Unregulated water sources are billed annually in arrears, WaterNSW will provide an accrual for the current year of water user charges based on what is expected to be billed. Once actual revenue has been collected a reconciliation will be made retrospectively by WaterNSW.

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- c) WaterNSW must present the data from source system reports (either directly or via a database reading software).
  - d) WaterNSW must provide DPIE Water an annual letter of certification of billing controls (by 31 August each year), as per NSW Treasury Policy and Guidelines Paper TTP 17-0: Certifying the effectiveness of internal controls over financial information (2017).
  - e) WaterNSW must provide DPIE Water, after each billing cycle, detailed billing reports per customer. (include details of customer number, water access licence number, billing codes – one part, two part, entitlement billed, usage billed, amount billed and for minimum charges show the type of calculation – one part or two part) and any other details to be used in auditing the billing.

### **3. Introduction of new floodplain harvesting charges**

IPART has set charges for floodplain harvesting (FPH) for the relevant river valleys under the 2021 WAMC Price Determination. These charges will take effect after the FPH Regulation is introduced in NSW and as it is implemented across the state. The requirements of the parties in connection with the FPH charges are as follows:

- a) At least 30 days before the end of each financial year, DPIE shall notify WaterNSW of whether a FPH Regulation is likely to be made in respect of each relevant river valley source within the subsequent financial years.
- b) DPIE shall notify WaterNSW at least 14 days before a change in legislation and or issuing of FPH Water Licences in respect of each relevant river valley, recognising the potential impact on the water take forecasts assumed in the 2021 WAMC Price Determination. Such notification must:
  - i) specify whether FPH licences have been made in respect of each relevant river valley;
  - ii) specify the commencement date of the FPH Regulation in respect of each relevant river valley; and
  - iii) provide advice in relation to the commencement date of the FPH WAMC charges, taking into account the FPH water take forecasts used to set the FPH WAMC charges.
- c) On receipt of the notification specified in 3(b), the parties shall agree to the commencement date of the introduction of the FPH WAMC charges, which won't be later than 6 months after date of the notification.

**[Explanatory Note: FPH WAMC charges are set out in table 2(a), table 3(a), table 7(a), table 23(a), table 24(a), table 25(a), table 26(a), table 27 (a), table 28(a) of the 2021 WAMC Price Determination]**

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## Schedule B: Revenue Sharing Requirements

The Revenue Sharing Requirements are as follows:

### 1. Revenue sharing requirements

Note:

- *In respect of any billing period from 1 July 2021 to the date on which this Schedule is approved by the Steering Group, invoices may be issued, and revenue may be remitted on a frequency other than a monthly basis.*
- *By 30 April 2022, the parties must calculate a reconciliation of WAMC and rural bulk water revenue sharing for the period from the Commencement Date to the date when this Services Schedule is agreed, and make payments to give effect to the reconciliation. This reconciliation will align revenue sharing to reflect Schedule B and Appendix A to Schedule B for 2021-22.*
- *Each year, DPIE Water will remit to NRAR the amounts shown in Row N of Annexure A or other amounts agreed by DPIE Water and NRAR, having regard to the Roles and Responsibilities Agreement to achieve the Purpose. These remittances from DPIE Water to NRAR should be paid in a timely fashion, at intervals as agreed by DPIE Water and NRAR from time to time.*

For the duration of the 2021 WAMC Price Determination (billing period commencing 1 July 2021 to 30 June 2025 and any extension years, the WAMC agencies will share the WAMC revenues raised under the 2021 WAMC Price Determination as follows:

- a) WaterNSW will collect all WAMC revenue from IPART-determined:
  - i) WAMC water management user charges; and
  - ii) WAMC related Murray-Darling Basin Authority Joint Venture (MDBA) and Dumaresq-Barwon Border Rivers Commission (BRC) user charges
- b) WaterNSW and NRAR (or their agents) will bill, collect and retain their own revenue from fee-for-service consent transaction charges as determined by IPART and shown in Schedule 4 to the 2021 WAMC Price Determination.
- c) Where the consent transaction charges in Schedule 4 of the 2021 WAMC Price Determination include groundwater assessment, WaterNSW and NRAR (or their agents) will bill and collect revenue from customers, on behalf of DPIE Water. More information about fee-for-service revenue is provided in section 3 of this Schedule B.
- d) WaterNSW will bill, collect and retain its own revenue for other fee-for-service charges, such as meter service charges, water take assessment charges, new metering charges (for instance, scheme management charge, telemetry non-telemetry charges, new meter service charges, and exit fees) and ancillary and miscellaneous charges.
- e) WaterNSW will retain monthly the WaterNSW Relative Share of the WAMC user charge revenue collected from users. This is an amount equivalent to the percentage in row C of Table 1 in Annexure A, of total WAMC water management user charge revenue collected each month in the relevant financial year.
- f) WaterNSW will remit monthly to DPIE Water the DPIE Water and NRAR Relative Share of the WAMC user charge revenue collected from users. This is an amount equivalent to the percentage, in row D of Table 1 in Annexure A, of total WAMC water management revenue collected each month.
- g) WaterNSW will remit monthly to DPIE Water all of the WAMC-related revenue collected from users under the MDBA and BRC pass through charges. IPART forecast MDBA and BRC user revenue is in Table 2 of Annexure A.
- h) DPIE Water will receive a non-user government contribution towards WAMC water management activities in nominal dollars, comprising:
  - i) IPART-determined 'Government share' of WAMC water management costs
  - ii) Community Service Obligation (CSO) funding to cover the shortfall between IPART regulated WAMC user share and IPART's forecast WAMC user revenue.
  - iii) IPART-determined WAMC-related MDBA and BRC 'Government share'



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- iv) CSO funding to cover the shortfall between IPART regulated MDBA and BRC user share and IPART's forecast MDBA and BRC user revenue
  - v) CSO funding to cover full cost of MDBA and BRC.
  - vi) IPART recommended funding to cover NRAR's full cost of compliance.
  - i) DPIPE Water will retain, from the non-user government contribution towards WAMC water management activities in nominal dollars:
    - i) The DPIPE Water and NRAR Relative Share of the IPART-determined 'Government share' of WAMC water management costs, being equivalent to yearly dollar amount in row L of Table 1 in Annexure A;
    - ii) The DPIPE and NRAR Relative Share of the IPART-determined WAMC Community Service Obligation, being equivalent to the yearly dollar amount in row H of Table 1 in Annexure A;
    - iii) All of the WAMC-related MDBA and BRC 'Government share' and CSO amounts; and
    - iv) The IPART recommended NRAR full cost of compliance funding, equivalent to yearly amount in row M of Table 1 in Annexure A.
  - j) WaterNSW will invoice for, and DPIPE Water will remit monthly to WaterNSW, from non-user government contribution towards WAMC water management activities:
    - i) the WaterNSW Relative Share of the IPART-determined WAMC water management 'Government share' being equivalent to one twelfth of the yearly amount in row K of Table 1 in Annexure A corresponding to the relevant financial year.
    - ii) the WaterNSW Relative Share of the WAMC Government CSO funding requirement, being equivalent to one twelfth of the yearly amount in row G of Table 1 in Annexure A corresponding to the relevant financial year.

For the duration of the WaterNSW 2021 Rural Valleys Bulk Water Price Determination (1 July 2021 to 30 June 2025 and any extension years) the parties will deal with the total of the WaterNSW rural bulk water revenue as follows:

- k) WaterNSW will collect all rural bulk water revenue from IPART-determined:
  - i) rural bulk water user charges
  - ii) rural bulk water MDBA and BRC 'pass through' user charges
- l) WaterNSW will retain all of the IPART-determined rural bulk water user charge revenue collected by it (including any fee for service, ancillary or miscellaneous charges).
- m) WaterNSW will remit annually (in the month of June) to NSW Treasury all of the IPART-determined rural bulk water MDBA and BRC 'pass through' user charge revenue collected from users during the relevant financial year. DPIPE Water will recover this amount through appropriation and transfer it to MDBA and BRC as part of the total NSW contribution. IPART's forecast of MDBA and BRC 'pass through' user revenue is in Table 2 of Annexure A.
- n) DPIPE Water will receive a non-user government contribution to rural bulk water services, comprising:
  - i) IPART-determined 'Government share' of rural bulk water costs;
  - ii) Community Service Obligation funding for rural bulk water;
  - iii) IPART-determined 'Government share' of rural bulk water MDBA and BRC costs; and
  - iv) Community Service Obligation funding for bulk water MDBA and BRC.
- o) DPIPE Water will retain, from the non-user government contribution to rural bulk water:
  - i) IPART-determined 'Government share' of rural bulk water MDBA and BRC costs; and
  - ii) Community Service Obligation funding for bulk water MDBA and BRC.
- p) WaterNSW will invoice and DPIPE Water will remit monthly to WaterNSW, from non-user rural bulk water in nominal dollars:
  - i) the IPART-determined rural bulk water 'Government share' being equivalent to one twelfth of the relevant yearly dollar amount in row O of Table 1 in Schedule A corresponding to the relevant financial year.
  - ii) the rural bulk water Government CSO funding requirement for the gap between IPART-determined rural bulk water user share and the IPART forecast rural bulk water user share revenue (as a result of capped price increases) being equivalent to one twelfth of the relevant yearly dollar amount in row P of Table 1 in Schedule A corresponding to the relevant financial year.

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## 2. Revenue Sharing deliverables

- a) WaterNSW must provide to DPIE Water and NRAR, once available, information needed to complete the DPIE and NRAR WAMC Annual Information Return by IPART's due date consisting of:
  - i) Data to inform cost driver calculations (including, volume of entitlements, water take and licence numbers by water source and valley) ;
  - ii) Any other information reasonably requested by DPIE Water and NRAR for the purposes of enabling DPIE Water and NRAR to satisfy its obligations under this clause.
- b) The Parties must provide to each other the WAMC Annual Information Returns and the Special Information Return for WAMC activities (at the same time they are lodged with IPART).
- c) Additionally, WaterNSW will provide relevant financial and non-financial information relating to MDBA and BRC for rural bulk water (from the WaterNSW bulk water Annual Information Returns and the Special Information Return) at the same time they are lodged with IPART.

## 3. Payment for services provided between agencies for fee-for-service activities and supporting functions between WAMC agencies

- a) For Water Consent Transaction activities set out in Table 12 of IPART's 2021 WAMC Final Determination, WaterNSW and/or NRAR may require groundwater assessment services from DPIE Water to complete the service. If groundwater assessment is triggered, WaterNSW and/or NRAR will apply the IPART-determined Groundwater assessment charge (additional to the base charge) and collect that additional revenue from customers.
- b) DPIE will invoice WaterNSW and/or NRAR, monthly in arrears, for revenue from IPART-determined Groundwater assessment charge part of revenue collected from users, based on the number of assessments completed during that period and the quantum of revenue collected in line with the IPART regulated fee schedule.
- c) IPART's final determined consent transaction fee schedule is in place from 1 October 2021. For clarity, the Groundwater Assessment charge will commence from 1 October 2021.

**[Explanatory Note: the Groundwater assessment charge (additional to the base charge) is calculated as the difference between the relevant charge where a groundwater assessment is required and the relevant charge where a groundwater assessment is not required. For example, the groundwater assessment charge in 2021-22 commencing 1 October 2021 and ending 30 June 2022 for Type B New or amended works and/or use approval (except those considered by the processing agency to be low risk or administrative) is \$2,545.80]**



**ANNEXURE A TO SCHEDULE B**

**Table 1: Relative Share figures referenced in Section 1 of Schedule B, based on IPART final determinations and calculated as per the methodology in Table 3.**

Note: these figures are in \$2020-21 and will be increased by the consumer price index (CPI), as per Annexure B to Schedule B, over the four-year 2021 WAMC and 2021 Rural Valleys Bulk Water Price Determinations (FY22-25).

WAMC revenue sharing (\$2020-21, \$000) *	Row reference to schedule	2021-22	2022-23	2023-24	2024-25	Average FY22 - 25	Total FY 22-25
<b>Relative Shares of WAMC user share revenue by agency (%)</b>							
DPIE user share revenue split (%)	<b>A</b>	42.0%	40.7%	39.4%	38.5%	<b>40.2%</b>	
NRAR user share revenue split (%)	<b>B</b>	12.6%	12.1%	11.7%	11.4%	<b>12.0%</b>	
WaterNSW user share revenue split (%)	<b>C</b>	45.4%	47.2%	48.9%	50.1%	<b>47.9%</b>	
DPIE and NRAR user share revenue split (%) (A+B)	<b>D</b>	54.6%	52.8%	51.1%	49.9%	<b>52.1%</b>	
<b>Indicative user share revenue based on IPART forecast revenue</b>							
DPIE user share revenue		15,617	15,326	15,104	15,016	<b>15,266</b>	<b>61,062</b>
NRAR user share revenue		4,661	4,571	4,484	4,454	<b>4,542</b>	<b>18,170</b>
WaterNSW user share revenue		16,844	17,800	18,732	19,539	<b>18,229</b>	<b>72,914</b>
<b>Total WAMC indicative revenue</b>		<b>37,121</b>	<b>37,697</b>	<b>38,319</b>	<b>39,009</b>	<b>38,037</b>	<b>152,146</b>
<b>Relative Shares of IPART determined WAMC Community Service Obligation (CSO) funding (\$)</b>							
DPIE CSO	<b>E</b>	4,855	4,844	4,326	4,146	<b>4,543</b>	<b>18,171</b>
NRAR CSO	<b>F</b>	1,449	1,445	1,284	1,230	<b>1,352</b>	<b>5,408</b>
WaterNSW CSO	<b>G</b>	5,236	5,626	5,365	5,396	<b>5,406</b>	<b>21,623</b>
<b>Total WAMC IPART determined CSO</b>		<b>11,540</b>	<b>11,914</b>	<b>10,976</b>	<b>10,772</b>	<b>11,300</b>	<b>45,202</b>
DPIE and NRAR CSO (E+F)	<b>H</b>	6,304	6,289	5,611	5,376	<b>5,895</b>	<b>23,579</b>
<b>Expected WAMC user share revenue plus Govt. contribution CSO funding (\$)</b>							
DPIE indicative user share revenue + CSO		20,471	20,170	19,431	19,162	<b>19,808</b>	<b>79,234</b>
NRAR indicative user share revenue + CSO		6,110	6,016	5,768	5,684	<b>5,894</b>	<b>23,577</b>
WaterNSW indicative user share revenue + CSO		22,080	23,426	24,097	24,935	<b>23,634</b>	<b>94,537</b>
<b>Total WAMC indicative user share revenue + CSO</b>		<b>48,661</b>	<b>49,611</b>	<b>49,295</b>	<b>49,780</b>	<b>49,337</b>	<b>197,348</b>
<b>Relative Shares of IPART determined WAMC Government share (\$)</b>							
DPIE Government share	<b>I</b>	10,083	9,915	8,869	8,684	<b>9,388</b>	<b>37,550</b>
NRAR Government share	<b>J</b>	0	0	0	0	<b>0</b>	<b>0</b>
WaterNSW Government share	<b>K</b>	4,085	4,286	4,429	4,562	<b>4,341</b>	<b>17,362</b>

<b>Total WAMC IPART determined Government share</b>		<b>14,168</b>	<b>14,201</b>	<b>13,298</b>	<b>13,245</b>	<b>13,728</b>	<b>54,912</b>
DPIE and NRAR Government share (I+J)	<b>L</b>	10,083	9,915	8,869	8,684	<b>9,388</b>	<b>37,550</b>
<b>IPART recommended WAMC NRAR full cost of compliance funding (\$)</b>							
NRAR full cost of compliance	<b>M</b>	10,136	10,135	9,864	9,859	<b>9,998</b>	<b>39,993</b>
<b>Expected IPART WAMC net revenue requirement (\$)</b>							
DPIE NRR (notional revenue requirement)		30,554	30,084	28,300	27,846	<b>29,196</b>	<b>116,784</b>
NRAR NRR	<b>N</b>	16,246	16,151	15,632	15,542	<b>15,893</b>	<b>63,570</b>
WaterNSW NRR		26,165	27,712	28,526	29,496	<b>27,975</b>	<b>111,899</b>
<b>Total WAMC NRR</b>		<b>72,965</b>	<b>73,947</b>	<b>72,458</b>	<b>72,884</b>	<b>73,063</b>	<b>292,254</b>
<b>Bulk Water revenue sharing (\$2020-21, \$000)</b>	<b>Row reference to clause</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Average FY22 - 25</b>	<b>Total FY 22-25</b>
<b>IPART determined Rural Valleys Bulk Water Government share (\$)</b>							
WaterNSW Bulk Water Government share	<b>O</b>	33,318	35,765	35,512	35,378	<b>34,993</b>	<b>139,972</b>
<b>IPART determined Rural Valleys Bulk Water CSO funding (\$)</b>							
WaterNSW Bulk Water CSO funding	<b>P</b>	1,938	2,058	1,939	1,932	1,967	<b>7,868</b>

\* amounts and percentages might not sum due to rounding differences. Immaterial rounding differences are to be resolved between the parties when issuing invoices for remittance of revenue under this Schedule, provided the differences are not material. Amounts correspond to billing periods in financial years.

**Table 2: Forecast MDBA and BRC user revenue in IPART's Final Determination**

IPART forecast MDBA and BRC user revenue (\$2020-21, \$000)	2021-22	2022-23	2023-24	2024-25	Average FY22 - 25	Total FY 22-25
<b>Based on IPART final determined forecasts</b>						
WAMC MDBA/BRC user revenue	7,263	7,272	7,179	7,089	<b>7,201</b>	<b>28,803</b>
Bulk Water MDBA/BRC user revenue	15,078	16,370	16,281	16,191	15,980	63,919
<b>Total forecast MDBA and BRC user revenue</b>	<b>22,341</b>	<b>23,642</b>	<b>23,460</b>	<b>23,280</b>	<b>23,181</b>	<b>43,881</b>

\* table provided for information only. Revenue from MDBA / BRC charges will be remitted to DPIE Water / Treasury (where relevant) based on revenue collected from users during the relevant financial year.

**Table 3: Method for calculating the Relative Shares of WAMC revenue and funding for each agency**

Revenue element	Method for calculating agency shares	Explanatory notes
<b>1. Relative Share of WAMC user share revenue (%)</b>	<p><b>Key principle:</b> user revenue collections are shared between agencies according to the final IPART price determination.</p> <p>A building block approach is used to calculate the <b>percentage share of IPART-determined user share</b></p>	A percentage share is used to equitably distribute variable user share revenue. This variability is due to the variable component to WAMC bills (which is based on water take) and the billing risk

	<p><b>notional revenue requirement (NRR)</b> (excluding MDBA/BRC and fee-for-service revenue*) for each agency. This percentage is then applied to the user revenue collected by WaterNSW as follows:</p> <p><b>Operating expenditure (OPEX)</b></p> <ul style="list-style-type: none"> <li>• <i>Take the IPART-determined opex for each WAMC activity per agency. Parties will agree to agency opex splits where activities are shared between agencies.</i></li> <li>• <i>Calculate the IPART-determined user share opex for each activity per agency, by multiplying the IPART-determined user share percentage for each activity by each agency’s opex per activity (calculated in dot point above).</i></li> </ul> <p><b>Capital expenditure (CAPEX)</b></p> <ul style="list-style-type: none"> <li>• 100% of the IPART-determined NRR for WAMC CAPEX is apportioned to WaterNSW, as WaterNSW is responsible for all WAMC capital expenditure in the 2021 determination period.</li> <li>• CAPEX NRR includes IPART-determined return on assets, regulatory depreciation, tax allowance and working capital allowance.</li> <li>• The user share component of CAPEX NRR is based on IPART’s Final Determination. 100% of the CAPEX NRR (user &amp; Government share) is allocated to WaterNSW.</li> </ul> <p>CAPEX user share is calculated in a similar way to OPEX user share, in that IPART determines CAPEX in certain WAMC activities, and that activity CAPEX is multiplied by the IPART-determined user share percentage for that activity which is used to establish a government and user RAB from which the Capex NRR for the user share is derived.</p> <p><b>Percentage split of total user share revenue</b></p> <ul style="list-style-type: none"> <li>• <i>Calculate the total user share NRR per agency by summing the OPEX and CAPEX user share as per the steps above.</i></li> <li>• <i>Express each WAMC agency’s total user share NRR as a percentage of the total by dividing each agency’s total user charge NRR by the total IPART-determined user share NRR.</i></li> <li>• These agency user share percentage splits can be calculated for each determination year. The agency user share splits will be used to apportion user charge revenue for</li> </ul>	<p>caused by bad debt.</p> <p>By using a percentage split, each agency receives its proportionate share of revenue, as well as the revenue variability risk.</p> <p>The percentage share of opex between the WAMC agencies can be derived from the amounts set out in the Cardno Supplementary Report (1 September 2021) – Review of WAMC expenditure Table 4-6 (DPIE / NRAR Opex) and Table 4-8 (WaterNSW Opex).</p> <p>The IPART cost sharing ratios applied to each WAMC activity is found in table 7.2 of the IPART WAMC Final Report.</p> <p>The CAPEX NRR is found in table 6.1 (total notional revenue requirement) and table 7.1 (user share of notional revenue requirement) of the 2021 IPART WAMC Final Report.</p>
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	<p>each year. The user share percentage shares will be agreed by the parties.</p> <p>The user revenue split will be used to apportion the revenue collected by WaterNSW between the agencies (excluding MDBA/BRC and fee-for-service revenue).</p> <p>For Bulk Water, WaterNSW receives 100% of the of the user revenue (excluding MDBA and BRC and fee-for-service revenue) as WaterNSW is responsible for delivering all Bulk Water activities.</p>	
<p><b>2. Relative Share of IPART regulated government share</b></p>	<p>For WAMC, the IPART-determined Government share for each agency is calculated as the IPART-determined total NRR for each agency (excluding MDBA/BRC and fee-for-service revenue, as agreed by agencies) , less the user share for each agency (as calculated above; first dot point under ‘Percentage split of total user share revenue’). The calculation shall be verified through a bottom up quantification of the government share of revenue and or reconciled against any building block table presented the Final Decision. The parties will agree to the amounts.</p> <p>For Bulk Water, WaterNSW receives all Government share (excluding MDBA/BRC), which is an amount stated in IPART’s Final Determination.</p>	<p>IPART determines the government share for each activity in WAMC and Bulk Water.</p> <p>The Government share for WAMC can be calculated as the difference between table 6.1 (total notional revenue requirement) and table 7.1 (user share of notional revenue requirement) of the 2021 IPART WAMC Final Report.</p> <p>The principles applied in row 1 above have also been applied to the WAMC Government Share.</p> <p>The Government share for the Rural Valley WaterNSW Bulk Water determination is set out in the Rural Valley Final Report Table 12.8 (excluding the MDBA / BRC components of approx. \$1 m per annum). The Government share amounts will be reconciled to the IPART Final Decision model.</p> <p>The Rural Valley Government share may need to be revisited in future once discussions are settled regarding the transfer of the construction work in progress for the Wyangala and Dungowan Dams from WaterNSW to Water Infrastructure NSW.</p>
<p><b>3. NRAR full cost of compliance</b></p>	<p>100% of the full cost of compliance is apportioned to NRAR, as NRAR is responsible for WAMC compliance expenditure in the current price determination.</p> <p>This amount is recommended by IPART in its Final Report and is part of the non-user government contribution paid to DPIE.</p>	<p>This amount has been identified by IPART and recommended to be funded through non-user government contribution funding.</p>

<p><b>4. Relative Share of IPART-regulated CSO</b></p>	<p>The IPART-regulated CSO amount is the difference between the IPART-determined user share revenue and the revenue expected from IPART-determined prices.</p> <p>The CSO amount, (excluding the NRAR full cost of compliance), will be split between the agencies based on the agreed user share NRR splits (calculated above).</p> <p>The parties will agree to the amounts.</p>	<p>Using this method, each agency will receive its full user share (based on the agreed net revenue requirement split) assuming that user revenue is as forecast by IPART.</p> <p>Table 1 demonstrates this in the 'Expected WAMC user share revenue plus Govt. contribution CSO funding (\$)' section.</p> <p>For the Rural Valley WaterNSW Bulk Water Determination, the amounts are set out in the Rural Valley Final Report Table 12.11 and Table 12.12. The CSO payments will be reconciled to the IPART Final Decision model.</p>
<p><b>5. MDBA and BRC IPART regulated funding</b></p>	<p>The MDBA and BRC NRR is determined by IPART. The revenue from IPART-determined charges is collected by WaterNSW via both WAMC and Bulk Water billing. 100% of the revenue collected from these charges is apportioned to DPIE. DPIE pays the full NSW contribution towards MDBA and BRC programs which is a combination of MDBA and BRC user charge revenue and CSO funding. IPART's forecast of MDBA and BRC revenue is in Table 2.</p>	<p>This is as per IPART's WAMC and Bulk Water determinations.</p> <p>The User Share of MDBA / BRC charges for WAMC can be found in table 7.1 (user share of notional revenue requirement) of the 2021 IPART WAMC Final Report.</p> <p>The User Share of MDBA / BRC charges for the Rural Valley Bulk Water Determination can be found in table 8.1 (decision on customer share for WaterNSW's notional revenue requirement) of the 2021 IPART Final Report.</p>
<p><b>6. MDBA and BRC full cost CSO</b></p>	<p>Non-user government contribution funding for the full costs of MDBA and BRC is calculated by taking the difference between the total Non-user government contribution committed to MDBA and BRC in the Joint Programs Annual Work Plan 2020-21 to 2023-24 (June 2020) in addition to the 2019-20 BRC five-year forward budget, and the total net revenue requirement determined by IPART.</p>	<p>This method covers the shortfall between committed funding by the Government to MDBA and BRC, and the IPART regulated funding to MDBA and BRC.</p>

\* To avoid doubt, fee-for-service revenue excluded from the billing and revenue schedule includes revenue from the new metering charges (scheme management charge, telemetry, non-telemetry charge, new meter service charges), meter service charges, water take assessment charge, ancillary and miscellaneous charges, and consent transaction charges).

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## ANNEXURE B TO SCHEDULE B

### **The CPI adjustments to figures in Annexure A shall be calculated and applied as follows:**

Consumer Price Index (CPI) factors used to inflate the Government Share & CSO revenue to nominal terms shall be consistent with the CPI factors applied to customer charges, as determined and calculated by IPART:

- For the first year of the regulatory period, Government Share & CSO Revenue is presented in real dollar terms in the year prior to the first year of the regulatory period.
- For the first year of the regulatory period, the Government Share & CSO revenue is inflated to nominal terms in the first year of the regulatory period using the IPART forecast inflation rate which is used to convert customer charges into nominal terms for the first year of the regulatory period.'
- For each subsequent year of the regulatory period (that is, years 2-4 of the regulatory period), the Government Share & CSO Revenue will be inflated using the CPI inflation factors calculated in accordance with clause 1 of Schedule 7 of the WAMC 2021 Final Determination and clause 1 of Schedule 6 of the WaterNSW Rural Valley 2021 Bulk Water Final Determination.